UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

For: State and County Offices

Releasing the New DALR$ Version 6.2

Approved by: Deputy Administrator, Farm Loan Programs

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1 Overview

**A
Background**

DALR$ Version 6.2:

- is scheduled for release by the middle of November 1997 to all FSA County Offices

- implements all changes required by the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) and a few additional enhancements.

**B
Purpose**

This notice provides information concerning the implementation of the DALR$ 6.2 software.

**C
Contact**

If there are any questions:

- County Offices shall contact State Offices

- States Offices shall contact Don Howard, LSPMD, Guaranteed Loan Servicing and Inventory Property Branch, at 202-720-1360.

Disposal Date	Distribution
December 1, 1998	State Offices; State Offices relay to County Offices

2   Changes and Enhancements to DALR$

A
Installing
DALR$ 6.2

All Field Offices receiving DALR$ 6.2 shall install the software immediately upon receipt. This software replaces DALR$ 6.1a software. Removal of DALR$ 6.1a is not necessary before installation. The System Administrator for the 3B2 system shall follow the installation transmittal for installing the software.

B
Changes to
DALR$ Because
of the 1996 Act

The changes incorporated in DALR$ 6.2 that were required by the 1996 Act are as follows.

Changes to DALR$	Corrective Action
Eliminates the need to use the Balance Available and Non-FCP Debt Worksheet.	The requirement to use the Worksheet for Calculating the Balance Available and Non-FCP Debt for DALR$ is eliminated. A pop-up screen in the Basic Borrower Information screen will collect the data for Adjusted Balance Available and Adjusted Non-Agency Debt Payments and Family Living Expenses. This data will appear in the detailed section of the DALR$ Analysis report.
Will not permit a writedown as a restructuring option when there is a new term loan.	A new DALR$ Analysis summary section will be generated informing the borrower that they are not eligible for Primary Loan Servicing options if DALR$ determines that a writedown is necessary to obtain a feasible plan but the borrower has also requested a new term loan.
Will allow Conservation Contract Debt Cancellation even if the borrower has received previous debt forgiveness.	The corrected summary section of the DALR$ Analysis report will be generated that will offer Conservation Contract Debt Cancellation even if there is previous debt forgiveness.

2   Changes and Enhancements to DALR$ (Continued)

B
Changes to
DALR$ Because
of the 1996 Act
(Continued)

Changes to DALR$	Correction Action
Will not consider writedown or writeoff (Buyout) when there is previous debt forgiveness.	The corrected summary section of the DALR$ Analysis report will be generated informing the borrower that they are ineligible for writedown or writeoff of FSA debt because of previous debt forgiveness. A pop-up screen will appear in the Basic Borrower Information screen when the user indicates that there was previous debt forgiveness requesting information as to when the debt forgiveness occurred and the description of the debt forgiveness. The detail section of the DALR$ Analysis report will provide information regarding what the previous debt forgiveness was and when it occurred.
If writedown is necessary for a feasible plan at a debt service margin greater than 1 percent, DALR$ will consider a feasible plan without a writedown at a lower debt service margin.	DALR$ will generate 2 separate DALR$ Analysis reports offering a restructuring with writedown and one DALR$ Analysis report offering a restructuring without a writedown. The borrower will have the opportunity to select which restructuring offer he or she would like to receive.
Farm Ownership Joint Financing loans will now be recognized by DALR$.	DALR$ will allow the user to enter a Farm Ownership Joint Financing loan. The user will now be able to enter interest rates for Farm Ownership Joint Financing loans in the DALR$ Maintenance of Interest Rates. The installation of the software will automatically update the DALR$ interest rate table with the current Farm Ownership Joint Financing interest rate from the effective date of the new program rate implementation to the most recent entry.
Eliminates the Conservation Contract Debt Cancellation Worksheet to properly calculate the debt cancellation based on the term of the contract.	DALR$ will calculate Conservation Contract Debt Cancellation based on the term of the contract. There will be a pop-up screen in the Basic Borrower Information screen at the Conservation Contract acreage field requesting the user to enter the term of the contract.

2 Changes and Enhancements to DALR$ (Continued)

C
**Enhancements to DALR$**   Additional enhancements have been added to DALR$ 6.2 software to:

- improve the use of the software
- improve calculation limitations
- address other regulatory requirements
- clarify the DALR$ Analysis reports.

The enhancements are as follows.

Enhancements to DALR$	Corrective Action
Has the borrower acted in good faith?	The Basic Borrower Information screen in DALR$ has been modified to allow the user to indicate if the borrower has acted in good faith. If the borrower has not acted in good faith, DALR$ Analysis report will inform the borrower that he or she is not eligible for Primary Loan Servicing options or Buyout of their FSA debt. The report will also inform the user, if they were eligible, what primary loan servicing options were considered to obtain a feasible plan. This report is to be used to inform the borrower of FSA's decision regarding the borrower acting in good faith and, based on their current Farm and Home Plan, what the Agency could consider in resolving their delinquency. DALR$ attempts to inform the borrower of all adverse actions that would effect their eligibility for primary loan servicing options available through FmHA Instruction 1951-S.
Correct Version of DALR$ is illustrated on all menus, screens, help screens, and DALR$ Analysis reports.	DALR$ version 6.2 will appear on all menus, input data screens, full help screens, and DALR$ Analysis reports.
New function keys were created to move the data entry screen left or right.	In an effort to improve efficiency in entering data in the data entry screens, new function key commands were created as follows. • Key <Shift> <F2> will move the data entry screen 1 full screen to the left. • Key <Shift> <F9> will move the data entry screen 1 full screen to the right.

2 Changes and Enhancements to DALR$ (Continued)

**C
Enhancements to
DALR$
(Continued)**

Enhancements to DALR$	Corrective Action
Consideration of Net Recovery Value of Nonessential Assets versus Delinquent FSA loan payments.	DALR$ will consider the value of Nonessential Assets versus the total of Delinquent FSA loan payments. A pop-up screen to allow the user to enter delinquent loan payments for all delinquent FSA loans has been added to the Net Recovery Property screen when the user enters a "NEC" or "NER" property type. DALR$ will calculate the total of the net recovery value of nonessential chattels and nonessential real estate and compare it to the total of FSA delinquent payments. If the value of the nonessential assets is greater than the total of FSA delinquent payments, the borrower is not eligible for primary loan servicing options or buyout of FSA debt. This requirement is according to FmHA Instruction 1951-S, section 1951.909 (a) (3) (vii). An appropriate summary section of the DALR$ Analysis report will be generated to inform the borrower of his or her ineligibility for primary loan servicing options or the buyout of their FSA debt.
Eliminated the calculation limitations for considering Fund Codes 43 and 29 under the Primary Loan Servicing options.	DALR$ did not always consider existing FSA loans defined as a 43 or 29 under the correct primary loan servicing options. These were very unique situations. The calculation process has been modified to eliminate these types of scenarios and to properly consider the loans with a fund code 43 or 29.
For Annual Operating loans for farm operating expenses only if the average month's outstanding exceeds 12 months a payment amount can be entered.	If the user indicates that the borrower has requested an Annual Operating loan for farm operating expenses and the average months outstanding is greater than 12 months, the user will enter the payment amount expected to be received during the current budget period. The Basic Borrower Information screen has been modified so that if the user enters an average month's outstanding greater than 12 months, a pop-up screen will appear requesting the amount of payment that is due during the current budget period.

2 Changes and Enhancements to DALR$ (Continued)

C
Enhancements to
DALR$
(Continued)

Enhancements to DALR$	Correction Action
The payment due date for restructured FSA loans can be less than 12 months from the proposed loan servicing date.	The payment due date for loans restructured by DALR$ can be less than 12 months from the proposed loan servicing date. The Basic Borrower Information screen has been modified to allow the user to enter the payment due date for restructured FSA loans less than the 12 months from the proposed loan servicing date. This due date will be reflected on the summary section of the DALR$ Analysis report.
Restructuring of existing Softwood Timber loans. ••	DALR$ will restructure Softwood Timber Deferral loans if the loan has matured. The Existing FSA Loan screen has been modified in the "Scheduled Payment" field that, if the user enters a "T" for Softwood Timber, a pop-up screen will request the maturity date of the loan. If the maturity date of the loan is before the current date, the loan will be considered for restructuring.

D
DALR$
Calculation
Limitations

The 2 calculation limitations in the DALR$ software are described in the following table.

Calculation Limitation	Description of Limitation
1	The consideration of nonessential assets versus delinquent FSA loan payments and conservation contract debt cancellation does not generate the correct summary section of the DALR$ Analysis report.
	If the borrower requests conservation contract debt cancellation and no other servicing options are considered to obtain a feasible plan and the net recovery value of nonessential assets greater than the total FSA delinquent payment, the incorrect summary report is generated. DALR$ will offer the borrower the opportunity to restructure their FSA debt with Conservation Contract Debt Cancellation.

2 Changes and Enhancements to DALR$ (Continued)

D
DALR$
Calculation
Limitations
(Continued)

Calculation Limitation	Description of Limitation
1 (Cntd)	In this situation, ACM and ACO should not offer the restructuring with Conservation Contract Debt Cancellation. The borrower should be advised by a letter informing the borrower that they are not eligible for primary loan servicing options since the net recovery value of nonessential assets is greater than their total delinquent payments to FSA. A DALR$ Analysis report will not be sent to the borrower and the running record should be documented accordingly.
2	The selection of existing FSA loans for Conservation Contract Debt Cancellation maybe incorrect according to FmHA Instruction 1951-S, Exhibit H, paragraph VII (F). In some cases, DALR$ may select loans that are least secured instead of most secured loans. In these cases, ACO or ACM should use the worksheet in FmHA Instruction 1915-S, Exhibit H, and select the appropriate loans according to Exhibit H, paragraph VII (F). The appropriate adjustment should be made to the existing FSA loan(s) reducing the outstanding debt, according to the worksheet before entering the loan into the DALR$ system. DALR$ should not indicate that Conservation Contract Debt Cancellation was considered. Attach the worksheet from Exhibit H to the DALR$ Analysis report to document the calculation for Conservation Contract Debt Cancellation.